Mineral Industry Surveys

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MAGNESIUM IN THE FIRST QUARTER 2006

Exports of magnesium from January through February 2006 were about 40% higher than those in the same period of 2005. Magnesium imports through February 2006 were about 27% less than those in the corresponding period of 2005. Russia (49%), Canada (32%), and Israel (12%) were the principal sources of imported magnesium metal, and Canada (70%) and Israel (15%) were the principal sources of imported alloys.

Total 2005 exports were 18% lower than those in 2004. Magnesium imports for 2005 were 14% less than those in 2004. Primary magnesium metal accounted for 34% of the total imports, with Russia (41%), Israel (31%), and Canada (17%) as the principal import sources. Magnesium alloys accounted for 47% of the total 2005 imports. Canada (61%) and Israel (14%) were the main sources of alloy imports.

Quoted magnesium prices are shown in the table at the bottom of the page. U.S. magnesium prices fell, and world prices increased.

In April, Norsk Hydro A/S announced that it would close its magnesium casthouse operation in Porsgrunn, Norway, because of competition from lower cost Chinese magnesium in the European market. The company had closed its primary magnesium plant in Porsgrunn in 2002, but continued to operate a 20,000-metric-ton-per-year (t/yr) recycling and remelting facility at the site. Hydro also operates recycling plants in Bottrop, Germany (15,000 t/yr) and Xi'an, China (10,000 t/yr) (Platts Metals Week, 2006a).

Canadian magnesium producer Timminco Ltd. completed an expansion of its magnesium anode facility in Nuevo Laredo, Mexico, in April that doubles the plant's capacity. The expansion would allow Timminco to enter Mexico's anode market; the anodes produced before the expansion were for export only (Carroll, 2006).

In January, MagPro LLC reportedly began limited operations at its newly opened magnesium recycling plant in Camden, TN. Although no capacity figures were reported, the company planned to employ about 100 people when it reaches full capacity; under limited operation, the plant employed 8 to 12 (Platts Metals Week, 2006c).

In February, Canadian firm Opta Minerals Inc. purchased U.S. firm Magnesium Technologies Inc. for an undisclosed amount. Magnesium Technologies produced magnesium desulfurization reagents and has a production facility in Walkerton, IN. The company imported a mixture of magnesium and limestone from China and blends the material at the Walkerton facility. Magnesium Technologies originally was Rossborough Manufacturing Inc. before several reorganizations and filing for Chapter 11 bankruptcy (McBeth, 2006).

In China, Shanxi Jingmei Alloy Co. Ltd. planned to double its alloy production capacity to 30,000 t/yr by the end of 2006. The increase was in response to improved market conditions. Most of the company's output was exported to Europe, Japan, and the Republic of Korea (Platts Metals Week, 2006b).

In February, Magnesium International Ltd. (MIL) announced it had reached an agreement with Amiral Overseas Magnesium Ltd. under which Amiral will transfer to MIL its 50% ownership interest in Egyptian Magnesium Co. (EMAG) in exchange for 2.5 million ordinary shares in MIL. As a result of this transaction, EMAG will be 100% owned by MIL. EMAG planned to construct an 88,000-t/yr primary magnesium plant near Sokhna, Egypt, in two modules. Shortly after the end of

	Unit	Beginning of quarter	End of quarter
Metals Week U.S. spot Western	Dollars per pound	$1.15-$1.30	$1.10-$1.18
Metals Week U.S. spot dealer import	do.	1.14-1.24	1.09-1.18
Metals Week European free market	Dollars per metric ton	1,560-1,700	1,720-1,800
Metal Bulletin European free market	do.	1,590-1,600	1,720-1,770
Metal Bulletin China free market	do.	1,500-1,520	1,720-1,735

the first quarter, EMAG was granted environmental approval for the proposed primary magnesium smelter operation. The company continued to develop magnesite alternatives to Australia. Evaluation work focused principally on the Sul Hamed area, which is approximately 40 kilometers (km) from the Red Sea and 900 km south of Sokhna. Open cut magnesite mining is already occurring in the area at a low rate of extraction. Preliminary resource estimates indicate that sufficient ore could be present to satisfy EMAG's first module of 43,000 t/yr of magnesium metal capacity with a magnesite feed of 180,000 t/yr for at least 15 years. The company continued to seek interim funding to finance the required engineering and project work through to financial close, which was projected to be in the first half of 2007 (Magnesium International Ltd., 2006§[1]).

[1]A reference that includes a section mark (§) is found in the Internet Reference Cited section.

References Cited

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TABLE 1
U.S. IMPORTS FOR CONSUMPTION AND EXPORTS OF MAGNESIUM[1]

(Metric tons)

		2006		
	2005	January	February	January-February
Imports:				
Metal	28,700	2,520	2,460	4,980
Waste and scrap	14,700	1,160	1,550	2,710
Alloys (magnesium content)	40,300	2,270	2,800	5,070
Sheet, tubing, ribbons, wire, powder, and other (magnesium content)	1,040	44	22	66
Total	84,700	5,990	6,820	12,800
Exports:				
Metal	732	151	146	297
Waste and scrap	5,630	237	282	518
Alloys (gross weight)	1,200	285	245	530
Sheet, tubing, ribbons, wire, powder, and other (gross weight)	2,080	214	208	421
Total	9,650	886	880	1,770

[1]Data are rounded to no more than three significant digits; may not add to totals shown.

Source: U.S. Census Bureau.